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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Four Years of Revolutionary Peru

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**four years
of
revolutionary
Peru**

"For the future generations we want a Peru that is different from the one we inherited from our forefathers, without the inequality and injustice of the past; a Peru that will not become a colony or semicolony of anyone; one that controls its wealth, its decisions, and its destiny; a Peru where law and justice have no price tag, where law and justice are not servants of money or force; a free and just Peru, without oppressors or oppressed, without exploiters or exploited; a Peru where millions of our countrymen will not be condemned to ignorance, hunger or exploitation, where our farmers will no longer be landless, suffer injustice, or be virtual outcasts in their own country; a Peru in short, which will be for all Peruvians and not, as now, for a minority of privileged people."

President Juan Velasco Alvarado, 30 July 1972

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
27 November 1972

INTELLIGENCE MEMORANDUM

Four Years of Revolutionary Peru

Building a New Society

"Who can say nothing has changed in Peru?"

**President Velasco - on the fourth
anniversary of his government, 3 October 1972**

The military government that took power on 3 October 1968 has enacted an unprecedented series of reform measures aimed at bringing about socio-economic change in Peru. Agrarian reform, greatly increased state participation in the economy, and the imposition of profit sharing and worker participation in the management of the key industries, fishing, and mining have sapped the strength of the oligarchy. Those who once monopolized the political process now find themselves with little influence.

By 1968, Peru's professional soldiers, tempered by a major anti-guerrilla campaign and with few ties to the ruling elite, had lost faith in the desire or ability of the political establishment to take the bold steps needed to ward off what was seen as inevitable revolution. The military's conviction that it could save Peru and the near certain prospect that its archenemy, the American Popular Revolutionary Alliance (APRA) party led by Victor Raul Haya de la Torre, would carry the elections scheduled in 1969 brought the nation to the brink of military take-over. At this point the Belaunde government settled a long-standing dispute with the US-owned International Petroleum Company on terms unacceptable to the deeply nationalistic officer corps, and the military took over.

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated with the Office of Economic Research and the Office of National Estimates.

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It set up a Revolutionary Government of the Armed Forces and proclaimed its determination not only to redeem Peruvian sovereignty and free the nation from underdevelopment and foreign economic domination, but to create a new social order—to carry out a peaceful revolution in order to pre-empt a violent one. One of its first acts was to seize International Petroleum's installations on 9 October 1968. The anniversary of this act is celebrated as the "Day of National Dignity." In a speech in October this year, President Velasco declared that the first phase of the revolution had been completed and that the struggle henceforth would be to construct the new society.

Social Democracy

The government labels its vaguely defined vision of the future a "social democracy of full participation" and claims that it is a uniquely Peruvian idea. Peruvian revolutionary liturgy castigates both capitalism and Communism. The former is denounced for bringing the nation to its sorry prerevolutionary condition of dependence and underdevelopment. Communism is flayed because of its centralization of economic and political power and its inevitable tendency to become bureaucratic, dogmatic, and repressive. In their place the regime offers a "labor community" which is to help build a new Peru with "democratic participation." That is the community will involve a gradually increasing number of workers in the management and ownership of enterprises.

According to the government, "social democracy of full participation" will lead to a pluralist economy based on three areas of activity. The State will have an important role, and there will be room for a "reformed" private sector with agricultural cooperatives and labor communities. The third area embraces something called "social property." "Social property" appears to mean something akin to self-managed enterprises without shared ownership. The State will own these enterprises and evidently will be the exclusive source of financing, with the enterprise paying for the land, capital goods, and other resources it uses. Earnings in excess of payments due will be distributed to blue-and white-collar workers, who will share equally in managerial responsibilities. "Social property" seems designed to give workers a greater stake in the economic system and a sense of having a say in the decisions that directly affect their lives. The long-range goal is to create a society in which "each person owns a maximum of property, but the power he may derive from it is reduced to a minimum."

Despite the military government's postulates, about greater participation, there has been little actual participation in the planning and construction of revolutionary institutions. Government rhetoric about participation

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has been largely negated by its "with-us-or-against-us" mentality, which has led to suppression of dissent and dissipation of popular support. The regime nevertheless professes still to believe it can build a new society that would seem to require nothing less than a remolding of human nature. To help move contrary Peruvians along the chosen path the leaders have come up with the National System in Support of Social Mobilization, Sinamos.

Sinamos

Set up in June 1971 to achieve the "conscious, active participation of the national population in the tasks required by economic and social development," Sinamos, as an organization, is a mixed bag of leftists—including a noted former guerrilla—and a large batch of military officers. Military officers hold key positions at the organization's national headquarters and dominate the regional offices too. Its aim is to be a revolutionary catalyst, promoting participation in government programs using organizations such as labor communities, cooperatives, neighborhood associations, and self-managed enterprises. It sends representatives among the people to organize meetings, explain government policies, and drum up support for them. According to the organization's chief, General Leonidas Rodriguez Figueroa, "only when the Peruvian citizen through a process of training, practice, and participation has acquired full awareness of the problems of his local community will one be able to feel optimistic that he is a responsible citizen capable of facing national problems."

The regime claims that the ultimate aim of Sinamos is to guarantee the permanence of revolutionary change by institutionalizing reforms so thoroughly and creating mass support so intense that they can never be challenged. Spokesmen for the regime emphatically deny that Sinamos is the forerunner of a pro-government political party. This may or may not be true, but Sinamos will be used to try to create an independent base of popular support for the regime by convincing the mass of Peruvians that they have benefited from the revolution and that it is in their own best interest to support and defend the military government.

Creating a New International Image

The armed forces came to power convinced that pervasive foreign economic influence had turned Peru into a less than independent state that commanded little respect on the international scene. Thus they considered intolerable. Their immediate foreign policy goal was to show the world that Peru had regained the full exercise of its sovereignty—that Peruvian policy is of, by, and for Peru—and to secure for the nation its "rightful" international

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prestige and influence. These basic guidelines remain unchanged. As a result of its aggressive pursuit of this foreign policy Peru has to some extent been estranged from the US and has greatly increased its contacts with Communist nations.

To the military and the vast majority of Peruvians, the US-owned International Petroleum Company was the embodiment of pernicious foreign interference in Peruvian affairs; its elimination was the sine qua non for the re-establishment of full national sovereignty. Its take-over was one of the first acts of the military government. The US and Peru are still contending over compensation for the company's expropriated assets. The military government is well aware of the economic costs of its intransigence, but considers the loss of regular US bilateral assistance a price for national dignity. The regime has also become increasingly upset over what it sees as US obstructionist tactics in international lending agencies. Although Peru has been willing to engage in secret talks with the US, there is little reason to believe that this or any successor Peruvian Government will compromise on the expropriation issue.

The territorial seas-fisheries question is another area of US-Peru friction. The military government professes to believe the US has been stalling on this issue and is furious over a recent largely procedural amendment to the US Fishermen's Protective Act. The current Peruvian policy of overlooking US tuna boats operating within Lima's claimed 200-mile territorial sea could be abandoned if there is no movement toward a solution soon. The mandatory one-year suspension of the US Foreign Military Sales program caused by the last fishing boat seizure expired last March, but Peru has bought very little US materiel since then. Despite these areas of disagreement and certain political benefits to be had from standing up to the US, Peru says it wants good relations with the US. Trade and investment ties are being maintained. US oil companies are participating in the international consortia investing large sums in the exploration and development of promising Amazonian oil fields. President Velasco puts it this way: "Peru has nothing against America, its history, and its greatness as a nation which we all know and respect. But we do have fundamental reasons for rejection of imperialist penetration. We have nothing against the US Government except when this government acts in the mistaken idea that it must place itself on the side of the interests of some concerns which are fundamentally exploiters, instead of acting on behalf of countries it calls its brothers, and, in the last analysis, on the side of most of the American people."

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As soon as the military government took power, it began to expand Peruvian relations with the Soviet Union and Eastern Europe. The government not only wanted to assert Peruvian autonomy, but it also badly needed trade and aid from any source, Communist or not. Soviet-Peruvian relations have warmed. The USSR recently agreed to provide almost half of the financing for a gigantic irrigation project that the Peruvians have wanted to undertake for years. Top Soviet generals have been decorated by the Peruvian ambassador in Moscow, and Soviet arms reportedly have been offered to Lima on attractive terms.

Trade ties were developed with The Peoples Republic of China and Cuba, and subsequently full diplomatic relations were established. In announcing that Peru intended to re-establish diplomatic ties with Cuba, President Velasco remarked that "no country of the hemisphere could consider this sovereign act of Peru to be an unfriendly gesture." The military government would like its overtures toward the Communist world to be seen as a direct pursuit of Peruvian interests rather than a slap at the US. In any case, the record indicates that the military government has no intention of trading dependence on the US for dependence on a Communist power.

The regime's domestic reforms and assertive foreign policy have enabled Peru to move forcefully onto the world stage as a spokesman for third-world causes. In issues such as development, trade, monetary reform, and territorial seas, Peru has pushed for greater participation by the world's less developed nations in world councils. The military government takes great pride in observing that "the voice of Peru is now being heard with attention in every international organization."

Who rules Peru

Although Juan Velasco Alvarado has skillfully used his presidential prerogative to shape the revolution, he heads but does not dominate the governing team. Under revolutionary decrees the president has not only executive authority, but, with cabinet consent, legislative power. The revolutionary junta is composed of the armed services commanders, who simultaneously hold the ministerial posts of war, navy, and air. Their positions, however, apparently give them no special precedence over other cabinet members except in the formality of signing decree laws.

Certain basic propositions are not open to challenge in ruling circles, but there are personal, ideological, and practical disagreements on policy matters. One group of cabinet members, including Energy and Mines Minister Fernandez Maldonado and Sinamos chief Rodriguez Figueroa, would give top

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priority to radical socio-economic reform. Another faction is somewhat more concerned with investment and economic development, and seems to find virtue in moderate programs. Prime Minister and Minister of War Montagne and Economy and Finance Minister Morales Bermudez are usually associated with this group. Similar differences in outlook probably exist at all levels of the officer corps. The military, however, has consistently been able to overcome internal disputes in the interest of preserving institutional unity. The government leadership apparently informs and consults the rest of the officer corps on an ad hoc basis.

The president and the cabinet are not the only power centers in the Peruvian system. Legislative proposals are submitted to the Advisory Committee to the Presidency, a key interministerial coordinating body that evolved from a prerevolutionary group of reformist colonels at the Center for Advanced Military Studies. The advisory committee works suggested programs into draft decrees suitable for cabinet action, often making substantive changes in the submissions from the ministries. Military and civilian students at the military school submit detailed critiques of government plans and programs. Their skepticism concerning some recent initiatives has evidently not been well received, however, and the school seems to have lost some of its political impact.

President Velasco's activism and his desire to go down in history as the man who transformed Peru make him a natural ally of his more radical colleagues. But Velasco is no ideologue, and he is not inflexible. He is amenable to argument and willing to modify or abandon unworkable programs. There seems to be a good deal of give and take during cabinet sessions, and Velasco's position does not always carry the day. The President apparently tests the political winds before committing himself on a particular issue; if he finds insufficient support he is not likely to force the matter to a showdown. Velasco uses his position and power to the utmost, but he maneuvers with discretion knowing that the loyalty of the armed forces is to the institution, not the leader. He did indulge in a brief fling at personalismo during a trip to the south last year, which may well have irritated his military colleagues; at any rate, it has not been repeated.

Leftist civilian elements in the government—orthodox, pro-Moscow Communists, Christian Democrats, and academic Marxists—are constantly jockeying for position. Out of the interplay among the President, the cabinet, Sinamos, the Advisory Committee to the Presidency, the military school, the officer corps, and the government's civilian elements has come a series of generally pragmatic policies. The most radical decree laws are often modified in spirit, if not in letter, by implementing regulations. The need to

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reconcile conflicting views in order to maintain unity of the armed forces is a strong moderating force, as is the recognition of potential political and economic obstacles to the achievement of revolutionary goals. The regime has seemed capable of learning from mistakes and aware that radical reforms and an independent foreign policy can have detrimental consequences; within limits, it has been willing to adapt its policy to reality.

The Military in Power

The revolutionary policies of the military government should not obscure the fact that it is an authoritarian military dictatorship. Indeed, arbitrary state power extends into practically all aspects of Peruvian life. The country has neither congress nor elected local officials; the judicial branch has been stripped of its independence; what remains of the free press is intimidated; and radio and television are under effective state control.

On the other hand, the military government has not been particularly repressive. Government leaders boast of their peaceful revolution, but they have not been able to generate much popular support. Most Peruvians, more interested in day-to-day life than in grand visions for the future, remain apathetic about the government's grand plans, passive toward its policies, frustrated by their own powerlessness, and uneasy over the future.

In its early years, the junta seemed content to push through reforms first and worry about popular support later. By mid-1971, however, the government came to realize that revolutionary institutions, no matter how carefully established, could not become permanently rooted and secure against attack without the support of the people. The task of building this support has been entrusted to Sinamos. Its first efforts, concentrating on those Peruvians who owed no allegiance to organized groups, generated little active resistance, if little positive support.

The Communists

The basic tactics of the military government in dealing with major interest groups have not changed significantly over the years. No support is sought or expected from the old oligarchy, the group that lost most because of the revolution. On the other hand, the regime has cultivated the pro-Soviet Communists, promoting their General Confederation of Peruvian Workers as a counterforce against the military's old antagonist, the APRA party. The success of this strategy hinges on the government's willingness to overlook conflicting ultimate goals and to pay the price of Communist-inspired labor agitation, which, while ostensibly directed against oligarchical

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exploiters and predatory foreign companies, sometimes seriously damages the nation's economy.

The regime's patience with the Communists has often seemed near exhaustion, but "final" warnings and costly wage settlements have so far been substituted for the crackdown that moderate government officials insist must come eventually. The Communists tend to tread carefully in situations where the government is party to a labor dispute.

The fishmeal industry, a key foreign exchange earner, was recently disrupted by a shift in the offshore currents, and government spokesmen, including the radical Fernandez Maldonado, let it be known that the nation is counting on the mining sector to take up the slack and that unjustified strikes will not be tolerated. The mines have been relatively quiet, but a rash of industrial strikes reportedly led the government to reconsider once again its policy toward the Communists.

The Communists' attitude toward Sinamos also causes the government concern. While constantly reiterating "loyal and firm support of the revolutionary process," the Communist unions declared that they will oppose attempts by Sinamos to "undermine the autonomy of the labor union organizations." The government has heretofore sidestepped a break with the Communists by blaming labor unrest on the company involved or on APRA and the extreme left. It will probably continue to do so in the near future.

The Students

Four years of effort to bring students into line behind the revolution have been unsuccessful. The latest attempt to win their support backfired, and another round of student violence may be in the offing. The regime has been unable to break the hold of APRA and the extreme left (principally the pro-Chinese Communists) on the universities.

The government has been gradually retreating from its earlier intransigence toward the universities. Last March it promulgated a new general education law that restored the students' role in university administration. A commission composed of students, professors, and non-teaching staff was set up and charged with drafting a new set of university statutes. Unhappily for the government, the commission's working group was dominated by pro-Peking Communists, and it soon became evident that some of its proposals would be unpalatable.

Despite government warnings, the commission approved and submitted several of these statutes. The government is now faced with demands that it

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amend its law to fit the statutes

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Extreme leftist students are contemptuous of Sinamos, and they have begun openly and forcefully to oppose its activities among youth and students. The government has responded by increasing both the frequency and intensity of warnings that it is prepared to take drastic action. It has begun a propaganda campaign aimed at undermining extremist influence in student organizations, but a vigorous crackdown, while still a possibility, lies in the future.

The government is disappointed over the failure of students and intellectuals to accept the authenticity of its revolution. Denunciations of the labor communities as "paternalistic neo-capitalism," Sinamos as "mobilizing repression," and educational reform as "bourgeois democratization" do not help the regime's revolutionary image. This kind of verbal abuse is a minor annoyance; actions that might force the government to take violent counter-measures would be a far more serious matter.

Anti-government Agitation

Violence on the scale of the student-led disorders this summer is the regime's greatest fear. The brief but violent anti-government disturbances that rocked the southern city of Puno in late June and early July were the most serious manifestations of discontent the government has yet faced. It was clearly shaken by the magnitude of anti-government sentiment and by indications that the ultra left may be making inroads among the industrial and agricultural workers of the south. The regime stuck to its standard public explanation that an unholy alliance between APRA and the extreme left was to blame, but its confidential investigations reportedly show that APRA's participation was marginal.

Government hopes that guerrilla terrorist groups had been eliminated once and for all with the round-up of Revolutionary Vanguard members early this year were shattered when rural violence broke out in the north in April. A Civil Guard counterinsurgency force was ordered into action in July, and 15 alleged members of a faction of the Movement of the Revolutionary Left were captured. The problem has not disappeared

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None of the guerrilla terrorist groups poses a real threat to stability, they are merely bothersome. Nevertheless, the government is becoming impatient with recalcitrant elements and is

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issuing almost daily warnings that it is prepared to use force against the "enemies of the revolution." In his anniversary speech President Velasco delivered another "last" warning to both the ultra left and APRA, but the crackdown is yet to come.

Many of the revolution's reforms are similar to those long advocated by APRA, but bloody clashes between the party and the army nearly 40 years ago created a mutual animosity that has yet to be overcome. Some contacts were made between government officials and APRA leaders, but these apparently failed to reach an accommodation. APRA contends that it is still willing to engage in a dialogue.

Despite its troubles with the extreme left, the students, and the Communists, the military persists in viewing APRA as its principal adversary, and the party is blamed for anti-government agitation; there is, in fact, no information to confirm that APRA is working hand and glove with the extreme left, though it seems likely that there may be ad hoc cooperation when tactical interests coincide.

APRA is, of course, a useful whipping boy, and this plus the government's concern to avoid charges of repression has restrained it from declaring the party illegal. Various less severe measures have, however, been employed to undermine it. APRA refuses to fade away, and after four years in semi-dormancy still draws impressive and enthusiastic crowds to its rallies. Still at the helm, the 77-year-old Haya de la Torre has managed to keep his party's nationwide organization intact, and there is reason to believe that APRA has lost little of its considerable strength. In April, for example, Aprista-dominated slates were victorious in "non-political" elections, administered by Sinamos, at the major sugar cooperatives.

A Look Ahead

President Velasco wants to remain in office until 1975. There is little reason to doubt that he will. He faces no apparent challenge from within the armed forces, and barring a decision to do away with the military presidency altogether, it would seem that only a desperate economic setback* or a series of major blunders, neither of which now seems likely, could force him from office. Even when Velasco passes from the scene, it is unlikely that there will be major changes

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in Peruvian policy guidelines and goals. Regardless of personal preferences, any military successor to Velasco will be constrained by the necessity of muting radical-moderate controversy and maintaining military unity.

Army chief of staff and former foreign minister Mercado will take over as prime minister and minister of war, thus becoming next in line for the presidency, when General Montagne retires in January. Mercado, who is fully committed to the regime's policies, will be a forceful prime minister and may try to undercut the influence of other generals. He reportedly has considerable support among regional troop commanders and could emerge as a rival to Velasco.

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The military leadership may, from time to time, consider how to play down the predominant role of the armed forces in national life, perhaps even to the point of handing over formal control of the government to trusted civilians. There has always been some military support for the proposition that the armed forces belong in the barracks, but this feeling is more than offset by a fondness for the emoluments of high office and a conviction that only the armed forces can lead Peru to its proper destiny.

The government keeps a close eye on developments in opposition circles. It reportedly suspects that APRA, supporters of former President Belaunde, and followers of the popular former mayor of Lima, Luis Bedoya, may try to forge an opposition alliance. Although the government is not overly alarmed, the recent exiling of Haya de la Torre's private secretary was probably a warning that it will not tolerate serious anti-government activity.

The government still needs to attract popular support if it is to succeed over the long haul. It must find a way to make organizations like Sinamos work for the common good without alienating other influential bodies. It is, for example, a question whether Sinamos will be allowed to press on with its attempts to organize the masses at the risk of increasing conflict with the Communists and the extreme left. The answer may depend on a re-evaluation of the government's policies toward these groups and toward APRA.

The course of the next phase of the revolution may, in fact, be determined by the extent of the military government's willingness to take the actions and risks necessary to build an independent base of support and render its accomplishments "irreversible."

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